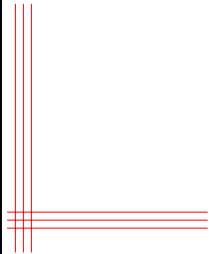


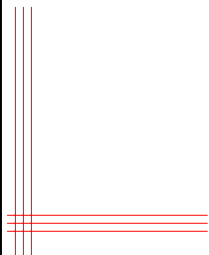


**Investor Presentation  
June 1, 2000**



**Performance Review**

Sabi Marwah  
Executive Vice-President &  
Chief Financial Officer





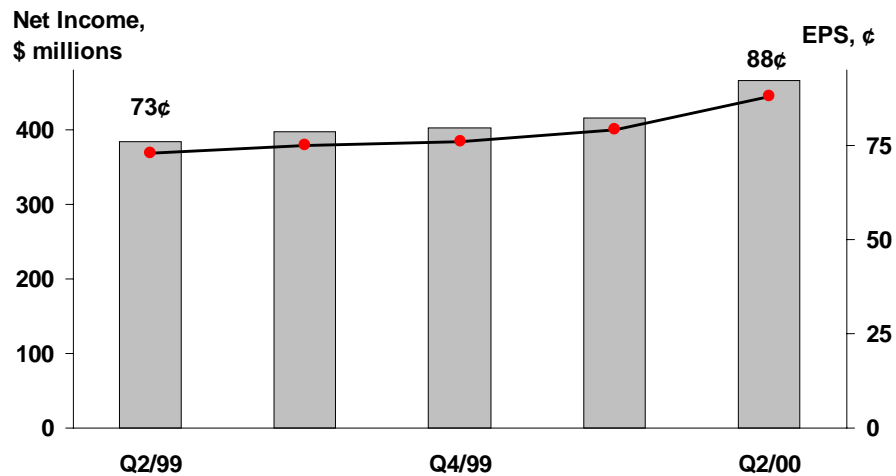
## Performance Highlights

- Positive earnings momentum
  - EPS up 21% year-over-year
  - ROE 17.7% vs. 15.7%
  - Productivity 58.0% vs. 61.0%
- Good core results across business lines
- Strong revenue growth - up 18%
- Further improvement in capital ratios

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## Consistent Earnings Growth



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## Strong Growth in Revenues

\$ millions

	<u>Q2/00</u>	<u>Q2/99</u>	<u>increase</u>	
			<u>\$</u>	<u>%</u>
Net interest income (TEB)	1,310	1,198	112	9%
Other income	988	750	238	32%
<b>Total revenues</b>	<b>2,298</b>	<b>1,948</b>	<b>350</b>	<b>18%*</b>

\* 16% excluding Banco Sud Americano, Chile

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## Higher Margins

	<u>Q2/00</u>	<u>Q2/99</u>	<u>Increase</u>
Net interest margin	2.25%	2.13%	<b>12 bps</b>
Increase in margin due to:			
Chile			<b>+3</b>
Higher spreads in International			<b>+2</b>
Other			<b>+7</b>

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## **Significant Growth in Other Income**

	<b><u>Increase</u></b>	
	<b><u>Q2/00 vs. Q2/99</u></b>	
	<b><u>\$MM</u></b>	<b><u>%</u></b>
Wealth management-related	59	37
Investment banking	49	29
Credit fees	13	10
Securities gains	110	100+
Other	7	3
	<b>238</b>	<b>32%</b>

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## **Base expenses down slightly**

	<b><u>Q2/00 vs. Q2/99</u></b>
Increase in expenses*	10%
Less:	
- performance-related	7
- write-down of assets (\$46MM)	4
<b>Decrease in base expenses</b>	<b>(1)%</b>

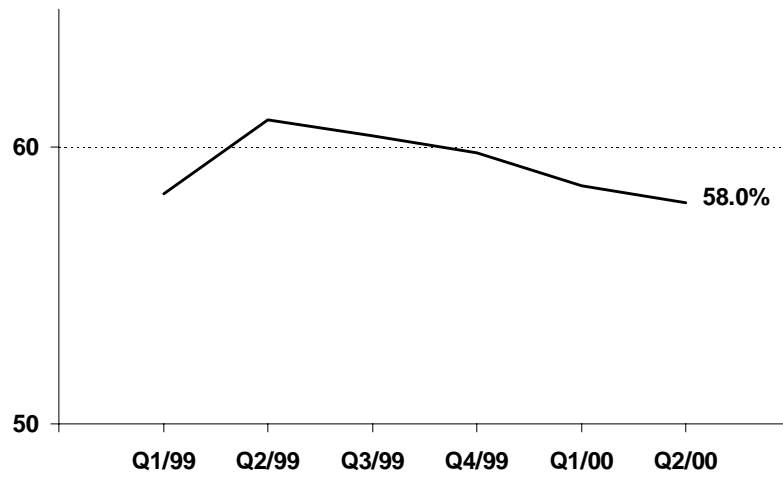
\* excludes Chile

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## Continued Productivity Leadership

expenses as a % of revenues\*



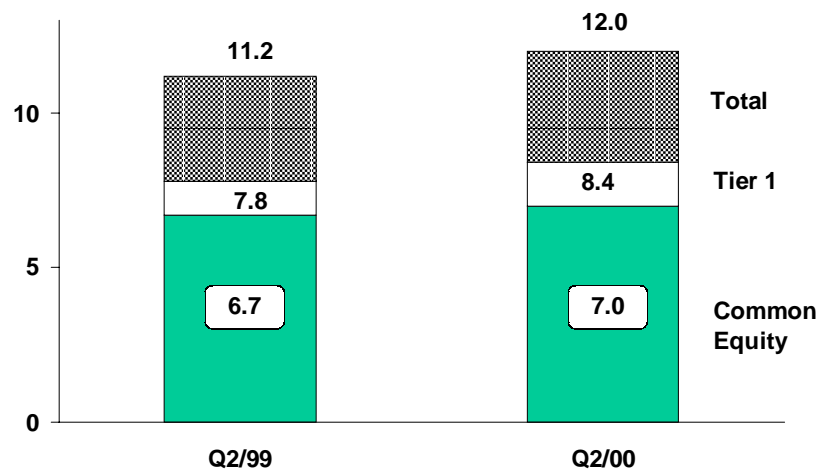
\* Q1/99 excludes special gain of \$77MM

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## Stronger Capital Ratios

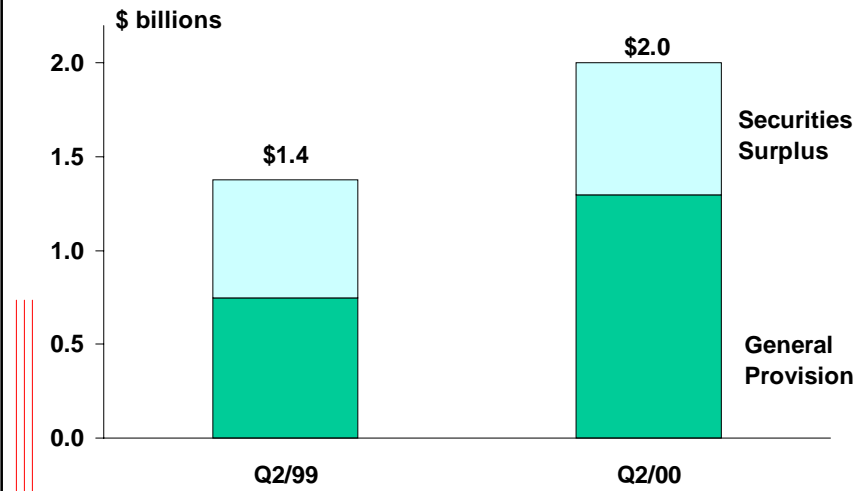
% of risk-adjusted assets



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## Higher General Provision & Securities Surplus



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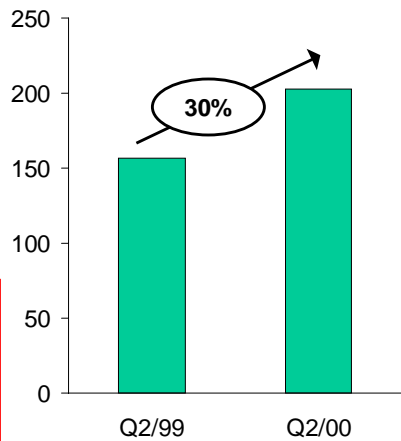
## Business Line Results

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## Domestic - strong earnings growth

Net income, \$ millions

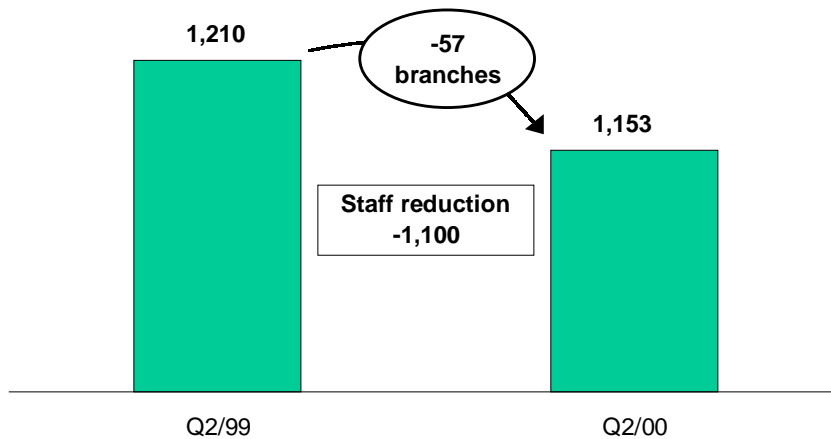


- Continued growth in retail
  - > mortgages +9%
  - > personal loans +6%
  - > personal deposits: +7%
- Strong growth in wealth management revenues
- Lower credit losses
- Improved productivity

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## Streamlining Canadian operations



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## Domestic initiatives

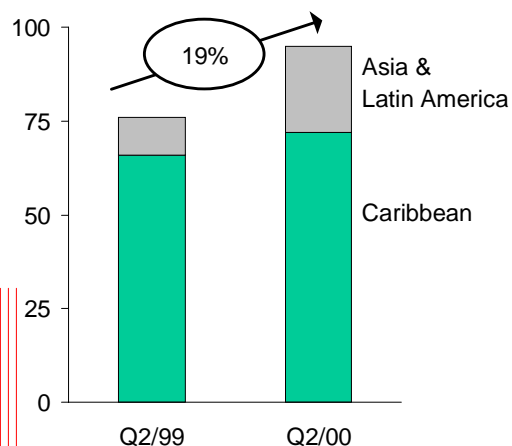
- Canada Post alliance
  - provide banking services in rural communities
- Customer-focused financial package products
  - ScotiaLine VISA, Scotia Total Equity Plan
- E-Commerce and E-banking initiatives
  - ScotiaWeb Store, voice recognition

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## Strong International results

Net Income, \$ millions



- **Latin America:**
  - higher contribution this quarter
- **Caribbean:**
  - continues to provide strong contribution
- **Asia:**
  - sold 40% interest in Solidbank to Metrobank for \$140 million
  - invested US\$84 million for 8% in LTCB - Japan

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## Latin America - a foundation for growth



### **Chile:**

Assets: \$4 billion    Staff: 1,750  
Branches: 78        ABMs: 120  
Consolidated in Q2/00 results

### • **Mexico:**

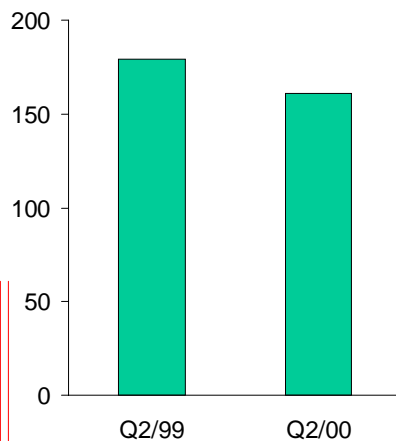
- > letter of intent signed to increase ownership in Inverlat to 55%
- > total investment  $\approx$  US\$220 million
- > purchase agreement to close end of July

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## Scotia Capital

Net income, \$ millions



- 30% growth in fee income offset by higher credit losses

### Initiatives:

- US Debt Fund
- Securitization in Europe
- Leveraging global reach
  - > cash management, IBOS
  - > Mexican-based auto parts industry

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## **Scotia Capital: Solid Revenue Growth**

Revenues, \$ millions

	<u>Q2/00</u>	<u>Q2/99</u>	<u>% Change</u>
Net Interest Income*	306	292	5%
<b><u>Other Income:</u></b>			
Credit Fees	92	77	20
Trading	95	75	27
Underwriting/Other	85	58	47
	<hr/>	<hr/>	
	272	210	30%
<b>Total Revenues</b>	<hr/>	<hr/>	<hr/>
	578	502	15%

\* includes loan origination fees

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## **Risk Review**

John Crean  
Senior Executive Vice-President

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## Risk Management: Overview

- Whole Year 2000 provision estimate increased by \$125 million to \$665 million (39 basis points):
  - > \$25 million: Chile
  - > \$100 million: mainly Scotia Capital
- Net impaired loans remain negative: (\$131 million)

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## Gross Impaired Loans

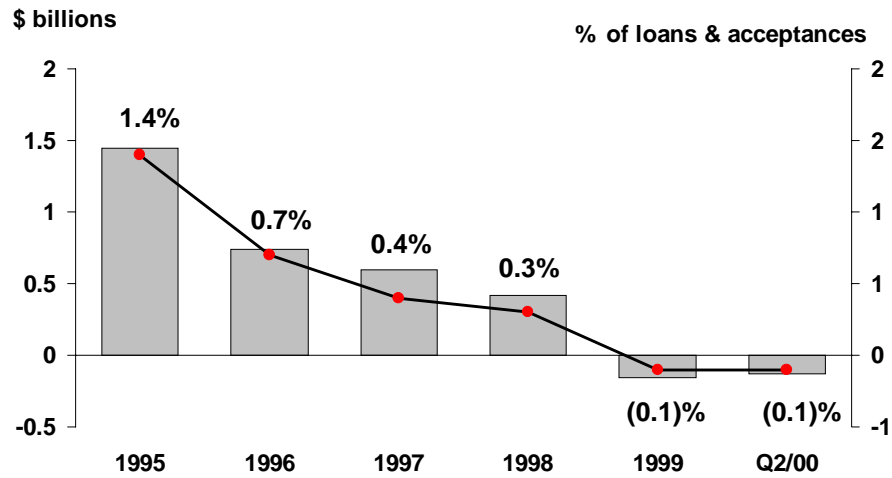
\$ millions

	<u>Q2/00 vs. Q1/00</u>
Canada	
- Retail	(9)
- Commercial	(16)
International	26
Scotia Capital	78
<b>Change</b>	<b>79</b>

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## Negative Net Impaired Loans



## Ahead of Performance Targets

	<u>Q2/00</u>		<u>Target</u>
ROE	17.7%	vs.	16-18%
EPS Growth	21%	vs.	12-15%
Productivity	58.0%	vs.	<60%
Tier 1	8.4%	vs.	7.5%+



***This presentation includes forward-looking statements about objectives, strategies, and expected financial results. Such forward-looking statements are inherently subject to risks and uncertainties beyond the Bank's control, including but not limited to economic and financial conditions globally, regulatory developments in Canada and elsewhere, technological developments, and competition. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements, and the reader is cautioned not to place undue reliance on such forward-looking statements.***